

House File 887 - Introduced

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BY GERHOLD and THOMPSON

A BILL FOR

1 An Act relating to exemptions to the state inheritance tax of
2 estates, and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 450.1, subsection 1, Code 2021, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *Ob.* "*Family members*" means brothers,
4 sisters, stepbrothers, stepsisters, first or second cousins,
5 first or second stepcousins, nieces, nephews, and their lineal
6 descendants.

7 Sec. 2. Section 450.7, subsection 1, paragraph a, Code 2021,
8 is amended to read as follows:

9 a. The share of the estate passing to the surviving spouse,
10 and parents, grandparents, great-grandparents, and other lineal
11 ascendants, children including legally adopted children and
12 biological children entitled to inherit under the laws of this
13 state, stepchildren, and grandchildren, great-grandchildren,
14 family members, and other lineal descendants is excluded from
15 taxation under [this chapter](#).

16 Sec. 3. Section 450.9, Code 2021, is amended to read as
17 follows:

18 **450.9 Individual exemptions.**

19 In computing the tax on the net estate, the entire amount
20 of property, interest in property, and income passing to the
21 surviving spouse, lineal ascendants, lineal descendants, ~~and~~
22 stepchildren and their lineal descendants, and family members
23 are exempt from tax. "*Lineal descendants*" includes descendants
24 by adoption.

25 Sec. 4. Section 450.10, subsection 1, unnumbered paragraph
26 1, Code 2021, is amended to read as follows:

27 When the property or any interest in property, or income from
28 property, taxable under the provisions of [this chapter](#), passes
29 to the ~~brother or sister~~, son-in-law, or daughter-in-law, the
30 rate of tax imposed on the individual share so passing shall
31 be as follows:

32 Sec. 5. Section 450.10, subsection 6, Code 2021, is amended
33 to read as follows:

34 6. Property, interest in property, or income passing
35 to the surviving spouse, and parents, grandparents,

1 great-grandparents, and other lineal ascendants, children
2 including legally adopted children and biological children
3 entitled to inherit under the laws of this state, stepchildren,
4 and grandchildren, great-grandchildren, family members, and
5 other lineal descendants, is not taxable under [this section](#).

6 Sec. 6. APPLICABILITY. This Act applies to estates of
7 decedents dying on or after July 1, 2021.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill expands the state inheritance tax exemption by
12 including estates passing to certain family members. The bill
13 defines "family members". Currently, estates passing to lineal
14 ascendants and lineal descendants are exempt from the state
15 inheritance tax.

16 The bill applies to estates of decedents dying on or after
17 July 1, 2021.